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Estonian Experiences in Application of Environmental Management

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Hereby I'm describing the development of two important environmental management tools - Environmental Impact Assessment and Environmental Auditing - in Estonia.

Environmental Impact Assessment

The first steps on elaboration of legislation in the field of environmental impact assessment (EIA) were taken promptly after our independence was regained in 1991 and eventually resulted in the governmental regulation No.314 of 13 November 1992 "On the EIA Procedure". This regulation establishes the main principles of EIA and the list of activities and projects which require EIA. A separate list included the objects which require EIA procedure at the national level. The general idea of the regulation does not differ from the principles established in the western countries. EIA should be considered as a necessary tool for decision making. While preparing environmental decisions EIA is an important stage providing good possibilities for making choices by decision makers.

It is important to mention that EIA is financed by the developer (subject of EIA). There are limited budgetary means from State Budget for such EIAs, the subject of which cannot be defined directly. This may be the case of projects of national or international significance, the impact of which reaches Estonia and the state is interested in assessing it.

At the same time, our regulation on EIA differs from those in the western countries. In the western countries organisation of EIA is a responsibility of the EIA subject and the state has only a role of supervision. In Estonia, the state is both organiser, coordinator as well as evaluator of the quality of an EIA study. This is due to the fact that taking into account ethical crises which resulted of recent economic decline, it has been an intention to prevent overassessment. It is a literal truth that 'The one who has the money orders the music'. Estonia has almost managed to overcome the above crisis and according to the draft Act on EIA and Environmental Audit, the state has only control functions. This principle is also supported by the requirement of licensed experts valid in Estonia. Licenses are issued by a License Commission under the Ministry of the Environment.

In Estonia EIA is carried out at two levels - national and regional. EIA at regional level is organised by County Environmental Departments. The list of EIA objects at national and regional level is given in a governmental regulation No.8 of 14 March 1994 "Methodological Guidelines for Implementing EIA in Estonia". In reality, the County Environmental Departments organising regional EIAs, are parts of governmental structure and therefore, talking about environmental protection structures of municipalities, only those of Tallinn and Narva could be mentioned. Initiation of a EIA process has been delegated to the regional level. Every new project or planned activity needs environmental authorisation. A municipality, as a decision maker, has to submit relevant materials to the county Environmental Department. The Department here decides on the necessity of EIA and in case EIA on national level is considered necessary, materials are passed to the Ministry of the Environment for organising such an EIA. In case of major objects, public tender procedures are announced to find expert companies and experts. Participation in such tender procedures requires above mentioned license. Although the time schedule for the EIA procedure established by governmental regulation is only one month, competent authorities have a possibility to prolong it on a well founded request of experts and without setting any time limits. The results of EIA are valid for two years. As for EIA is financed by the EIA subject and through a competent authority, the abovementioned procedure should encourage quick start of the planned business

scheme, because in two years time the EIA subject, which has financed one EIA study already will most probably face a need for financing a new one.

Public participation in the EIA process is a criterion for democracy. In the methodological guidelines of EIA it has been dealt with in detail. When a competent authority has decided to start an EIA procedure, it has to make this decision public and provide information on the planned activity or project. This enables to receive feedback from the public already during the preparatory stage and makes it possible to supplement the EIA programme. After the environmental impact statement (EIS) is drafted, it is the responsibility of competent authority to make it accessible for the public and interest groups for comments.

These comments are taken into account, analysed and added to the EIS. A decision maker, often a municipality, is now left with a hard burden of making the decision. It is not always that the reactions of the public and interest groups match with the results of environmental assessment. In the conditions of economic depression environmental issues are often not among the first priorities of an ordinary citizen. Decision makers have to make the decision taken public. Possible appeals are taken to the Court.

If there is a conflict with an EIS of regional level, it is possible to carry out a supplementary assessment on the national level. Until now, this has always brought about a satisfactory solution. Unfortunately, from the Soviet period, we have inherited a lack of traditions and experience in the field of public access to environmental information and public participation. Here we are facing a wide sphere of action to lessen the hesitation and apprehension of officials towards the public on one hand and mistrust of officials by the public on the other. The cases of site selection for Estonian Armed Forces Central Polygon and regional training areas are good examples of EIA studies on national level related with the Military Sector.

Unlike in most western countries, EIA in Estonia concerns not only new, planned objects (projects), but also objects undergoing renovation, liquidation or changes in ownership. The Act on Sustainable Development passed by the Riigikogu (the Estonian Parliament) on 22 February 1995, defines EIA and constitutes that implementation of EIA is regulated by law. The aforesaid leads the national regulation of EIA to a new qualitative level.

Drafting of a new law on EIA has already been completed. As it has also been decided in principle to accede to the Espoo Convention on Environmental Impact Assessment in Transboundary Context, the new law is in compliance with it. Estonia has switched into the process for preparation of the accession to the above international Convention conducted by the UN Economic Commission for Europe. Taking also into account Estonia's approximation phase with EU legislation, EC directives on EIA are considered as well.

Efficiency of introduction and implementation of environmental measures which to a lesser or bigger extent influence economic activities, depends greatly on the attitude of economic circles towards these issues. In addition to prime costs, the implementation of EIA system as well as other systems of environmental management includes economic benefits in a long term perspective. However, this only in case the state continues to support the principles of sustainable development via the use of economic instruments.

We have to be sufficiently wise and help the developers to see the future interests of investments made into EIA. It makes a big difference whether the bank financing a business project requires, among other loan documents an EIS simply out of its law obedience or real concern about the status of its loan project - has the borrower fulfilled all environmental requirements or neglected them, and would, in some years, have to compensate the damage caused by unforeseen environmental impact?

Introducing EIA and ensuring its quality, the role of databases is of notable importance. In Estonia, we have worked out and are continuously updating databases on experts conducting EIA which are accessible for all County Environmental Departments. A database on EIA studies linked to the database on experts is in final stage already. As within the preparation process for accession to the Espoo Convention, a database on EIA studies in Transboundary context is elaborated, we have an additional opportunity to use international experience on conducting our national EIAs.

Concerning EIA, it is necessary to understand, that environmental impact assessment is not decision making itself. It is an important stage helping the decision maker to prepare an environmentally sound decision. It depends entirely on the conscience and responsibility of the decision maker whether or not and to what extent he takes into account the EIS.

Environmental Auditing

Whereas the environmental impact assessment procedure is aiming at assessing the impacts associated with proposed new activities and the assessment is primarily focusing on forecasting of potential impacts, environmental auditing, on the other hand is the assessment of impacts of an existing, operating activity on the environment. Thus, environmental auditing can be regarded as a post-project analysis and follow-up of EIA and its quality. The environmental auditing provides the owner of the company a possibility to evaluate the current environmental situation and resource usage in the company and on sites, what is good, what could and should be improved, and where the potential risks are, as well as how to optimise the life-cycle of products from raw materials up to waste generation and management. It all provides the company preconditions, how to minimise or prevent costs on fees and pollution charges and save on materials and energy through developing an effective management system.

There are many definitions to describe environmental auditing. I would give one of them here: "Environmental auditing is a systematic, documented and objective process of gathering and evaluation of data, which aims at determining the compliance of audit scope with audit objective and audit criteria, and the delivering of the results to the audit client".

The role of environmental auditing as a part of general management system is described in many international and European standards: EN ISO 14001 "Environmental management systems - specification with guidance for use" and EN ISO 14004 "Environmental management systems - general guidelines on principles, systems and supporting techniques". Also there are other important international and European standards, which regulate environmental auditing. These are EN ISO 14010 "Guidelines for environmental auditing - general principles of environmental auditing", EN ISO 14011/1 "Guidelines for environmental auditing - auditing procedures, - Part I: Auditing of environmental management systems", and EN ISO 14012 "Guidelines for environmental auditing - qualification criteria of environmental auditors".

The process of introducing all the listed above standards to Estonia is coming to the final phase. The audit scope may vary to a great extent depending on the client's intentions. The audit types may comprise a site audit (potentially interesting to landowners, parties in privatisation process as well as to real estate companies), compliance audit (compliance of the operation of the company with environmental legislation, due diligence audit (clarifying the responsibility for environmental pollution between parties in the change of ownership of the company, privation) and corporate environmental management's system audit. The last type of audit is also regulated by EC regulation No183/93 or so-called "EMAS regulation". All above mentioned types are relevant to the Military Sector as well.

We are approaching the final stage of introducing and application of environmental auditing in Estonia, which has mainly been possible thanks to substantial foreign assistance. Estonia has been assisted by the Norwegian Government, Danish Government via UNDP and the European Union via LIFE programme.

35 people have successfully completed the training programme, 15 of them have gained the lead auditor's experience. 36 training audits in the Estonian largest infrastructure enterprises (e.g. rail, ports, power and heating plants), chemical enterprises and companies of chemical food manufacturing and in two prisons) were conducted under the guidance of Norwegian, British and Danish auditing companies of international reputation.

We have also organised workshops where the opportunities of audits and resulting potential benefits have been introduced to representatives of different sectors (government officials, businessmen, investors as potential clients).

The legal framework for environmental auditing is developed in the draft bill of Act on EIA and environmental auditing. Also an auditing guidelines targeted to auditors, audit clients and auditees is being prepared as a part of the project.

However, there is no EU legislation on environmental auditing, Estonian corresponding Act would follow the principles of EMAS (Management and Auditing Scheme) regulation.

As a principle, environmental auditing is a voluntary activity and does not require legislative procedures. Apart from that, in certain cases a need or interest may occur to apply an audit, in privatisation process in particular or if the state purchases real estate (in case of due diligence audit or compliance audit), or in cases where a company systematically violates environmental prescriptions (compliance audit). Environmental auditing may become a mandatory process also if a company of high environmental risk is concerned, as a follow-up of the EIA.

Further to that, the question of the qualification requirements of environmental auditors arises. The draft bill provides the base for these criteria.

In the relationship with audit client and auditees, auditors should follow the confidentiality principle, which means that an auditor operates similar to a family doctor or a lawyer, who would not share the information to third persons. The problem arises, if an auditor becomes aware of situations, which may impose a threat to human health or the environment, and informs the client about it, but the latter does not react on that correspondingly.

In order to introduce the environmental auditing successfully, the awareness of auditee and client of the opportunities of the new environmental management tool is of great importance.

While the information gathered during an audit is valued by banks, insurance companies and real estate companies as source of assessment for loan risks, insurance risks or liability, then it could also become in the focus of Estonian counterparts. It may well interest both parties - bank and borrower, real estate agency and mortgagor.

Similarly may enterprises and environmental authorities benefit from auditing results, where the enterprises via proving the status of environmental issues to the latter also acquire valuable information on the sustainable management of the enterprise and authorities receive useful information for the environmental decision making (e.g. issuance of environmental permits) in return.

The benefits of introducing and implementation of EIA and Environmental Auditing in Estonian Armed Forces could be described shortly as:

- ensuring ongoing compliance with environmental legislation;
- limitation of liability;
- better and more sustainable resource management;
- improved relation with the public and environmental authorities;
- lowering and managing environmental risks and health and safety risks for the staff;
- increasing effectiveness of environmental education and training together with increasing environmental awareness of all level of personnel;
- creating additional capacity for reaching the NATO standards;
- long term saving of financial and other resources.

The speed of general society development and setting of priorities determines the scope and timing of introduction and implementation environmental management tools in our Military Sector as well. In principle, it is the process via forecasting or identification of already existing environmental problems, assessment of their current status, developing towards production and management control and continual improvement.